

FISCAL NOTE
HB 180 - SB 688

March 20, 2001

SUMMARY OF BILL: Requires the Department of Mental Health and Developmental Disabilities to provide a hearing under the Uniform Administrative Procedures Act before making a financial sanction against a provider or facility contracting with the state or before terminating or placing limitations on a contract. Bill also includes refusal to enter into a contract unless related to budget considerations.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - Not Significant

Other Fiscal Impact - May subject the state to increased fines to the extent the state cannot comply with court orders as a result of delays in terminating contracts with vendors that fail to adhere to contract specifications. To the extent this occurs, the amount of such increase in state expenditures is estimated to exceed \$100,000.

Bill restricts the state's ability to terminate contracts or impose other financial sanctions on vendors contracting with the state.

Estimate assumes:

- delaying the imposition of sanctions until after a hearing may result in state non-compliance with existing court orders resulting in increased fines. For information purposes under the remedial order in United States versus State of Tennessee, et. al. (Arlington Developmental Center), the amount of the fine for noncompliance was \$1,000 per day for each violation.
- an increase in state expenditures to the extent that financial sanctions are not allowed as a result of the hearing process that would have been allowed in the absence of the bill.
- an increase in state expenditures to hold hearings, estimated to be not significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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